



Tax and Investment Facts

A Glimpse at Taxation and Investment in Slovenia

2022

WTS TAX d.o.o. Slovenia

WTS TAX d.o.o. Slovenia provides legal, tax, corporate advisory and transactional services to resident and non-resident companies doing business in Slovenia. Additionally, it focuses on private clients, as it is seen as a boutique consulting firm in Slovenia.

The firm provides services ranging from tax advisory to compliance, business regulations governing start-ups to liquidations, employment and commercial dealings, re-organisations and private client advisory.

Services rendered by WTS TAX d.o.o. Slovenia include the following:

- » International tax law in general
- » Corporate tax planning
- » Cross-border transactions
- » Taxation of individuals (tax residency status, tax compliance, social security contributions, capital investments, home-office status)
- » Corporate taxation (PE analysis, WHT, transfer pricing)
- » Outbound and inbound expatriation
- » Due diligence reports

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1. Ways of Doing Business / Legal Forms of Companies

Slovenian company law is based on civil law principles. The main legislation on company law can be found in the Commercial Companies Act (Zakon o gospodarskih družbah, ZGD-1) and the Civil Code (Obligacijski zakonik, OZ). Additional legislation is laid down in specific laws on certain forms of companies, e.g. the Banking Act, the Act on Insurance Institutions and Insurance Activities, the Act on Investment Funds and Asset Management Companies, the Act on the Market of Financial Instruments and the Takeover Act.

Business activities in Slovenia are performed by sole entrepreneurs or by companies. A sole entrepreneur is an individual carrying out business activities. The term "company" refers to legal entities. Moreover, a distinction can be made between entities with legal personality (legal entities) and entities without legal personality (non-legal entities). In practice, legal entities form the majority of entities, while non-legal entities are, in general, civil-law companies and pension funds.

Most Slovenian companies are organised into one of the following forms:

- personal companies:
 - » unlimited liability company (d.n.o.)
 - » limited partnership (k.d.)

- companies with share capital:
 - » limited liability company (d.o.o.)
 - » public limited company (d.d.)
 - » limited partnership with share capital (k.d.d.)
 - » Societas Europaea (SE)

The main difference between personal companies and companies with share capital is that companies with share capital provide for the limited liability of their shareholders, whereas partnerships, generally, require unlimited liability from the partners. Furthermore, companies with share capital are required to have a certain minimum share capital due to their limited liability. This is not necessary for partnerships since the creditors can be satisfied with the property of the partner who has unlimited liability.

All companies are legal entities. Having legal personality, a company may own movable and immovable property, acquire rights, assume obligations and may prosecute and be prosecuted.

Information on the legal and tax framework of a sole entrepreneur (s.p.) and companies is provided below:

Forms	Liability of shareholders	Minimum capital	Minimum founders and shareholders	Registration in commercial/court register	Tax treatment	Tax rates
s.p.	no shares, personal liability of the sole entrepreneur	–	1	obligatory, commercial register	tax liability of sole entrepreneur	16%-50% ¹
d.n.o.	unlimited	–	2	obligatory, court register	non-transparent, dividend taxation at the level of share holders	19%
k.d.	two types of shareholder: one type of shareholder unlimited liability, other type limited liability	–	2	obligatory, court register	non-transparent, dividend taxation at the level of shareholders	19%
d.o.o.	limited	EUR 7,500	1	obligatory, court register	non-transparent, dividend taxation at the level of shareholders	19%
d.d.	limited	EUR 25,000	1	obligatory, court register	non-transparent, dividend taxation at the level of shareholders	19%

¹ personal income tax rate

2. Corporate Taxation

Companies are subject to corporate income tax. In Slovenia, the corporate income tax is regulated by the Corporate Income Tax Act (Zakon o davku od dohodkov pravnih oseb, ZDDPO-2, CITA). The CITA regulates the substantive corporate tax issues, while tax procedure and administration are governed by the Tax Procedure Act (Zakon o davčnem postopku, ZDavP-2).

2.1. Applicable Taxes / Tax Rates

The current CIT rate in 2022 is 19% and there are no intentions to change the tax rate.

Additionally, there is a special tax rate of 0% that applies to:

- investment funds established under the law on investment funds if at least 90% of the profit generated in the preceding tax period is distributed by 30 November of the tax period
- pension funds established under the law regulating pension and disability insurance
- insurance companies authorised to manage pension schemes under the law regulating pensions and disability insurance, within the qualified activities

A taxable person must calculate and pay corporate income tax by itself. The forms of tax returns and tax procedures are governed by the Tax Procedure Act. All resident companies and all non-resident companies with a permanent establishment in Slovenia are obliged to submit a tax return. Also, companies subject to a zero tax rate and non-profit organisations are required to submit a tax return. Corporate income tax returns must be submitted no later than 3 months after the end of the fiscal year. If a taxpayer wishes to have a fiscal year that differs from the calendar year, it has to notify the tax register at least 45 days before the end of the changed fiscal year.

2.2. Resident Companies

A taxpayer is any domestic or foreign legal entity, including:

- partnerships and other corporate forms
- investment funds, except open-end funds
- banks
- insurance companies
- cooperative enterprises
- non-profit organisations and other legal persons

Partnerships established under Slovenian law (general partnerships and limited partnerships) are considered legal entities under the Commercial Companies Act, and taxable like commercial companies according to the CITA. Non-profit organisations are taxable persons, but are not subject to CIT except for the income earned from commercial activities.

Certain categories of income and companies enjoy a special tax regime. For example, risk capital companies, investment funds and pension funds are entitled to apply a zero tax rate subject to certain conditions.

A taxpayer with a statutory registered office or place of effective management in Slovenia has an unlimited corporate income tax liability, i.e. for the taxation of income on a worldwide basis (subject to applicable tax treaties). Taxpayers without a statutory registered office or effective place of management in Slovenia are only taxable on income generated through a permanent establishment in Slovenia or from another Slovenian source.

2.2.1. Computation of Taxable Income

Taxable income is based on financial statements prepared in accordance with Slovenian Accounting Standards (SRS 2016). Additionally there is the plus-minus-calculation; some costs are not tax deductible, but some tax allowances can be added to decrease the tax base.

2.2.2. Taxation of Dividends

In general, dividends and other profit distributions are subject to a withholding tax (WHT) of 27.1255% for the year 2022 and further², when paid to private persons, and 15% when paid to other corporate legal entities.

However, the tax is not calculated, withheld or paid if dividends and other profit distributions are paid to a resident corporate taxpayer who has notified the dividend payer of his Slovene tax number.

2.2.3. Capital Gains and Losses (Including Capital Gains and Losses from Sales of Shares)

Generally, losses may be set off against income. Capital gains in Slovenia are taxed in the course of normal corporate taxation. Remaining losses derived from business income may be carried forward, provided the loss was computed according to GAAP.

2.2.4. Depreciation

Companies decide on the period for using long-term assets, taking into account the useful life, economic aging, physical aging and technical aging, observing accounting standards. Depreciation for tax purposes is defined in the CITA with the maximum tax depreciation rates, which may differ from accounting depreciation rates.

²The changes of the PIT Act are in effect from 22 March 2022.

2.2.5. Loss Carry Over (Including Potential Loss of Tax Loss Carry Forward in Case of Restructuring)

Tax losses incurred in the tax period can be carried forward indefinitely. In reducing the tax base due to tax losses from previous tax periods, the tax base is firstly reduced by the earlier tax loss (FIFO principle).

A reduction in the tax base due to tax losses from previous tax periods is allowed up to a maximum of 50% of the tax base of the tax period. If, during the tax period, the ownership of the share capital or voting rights of the person directly or indirectly liable changes by more than 50% depending on the ownership status at the beginning of the tax period, and the taxpayer (1) has not been engaged in any business activities for 2 years prior to the change of ownership; or (2) 2 years before or after the change in ownership, the business activity is deemed substantially changed.

2.2.6. Group Taxation

Slovenia no longer has a tax group regime.

2.2.7. Relief from Double Taxation (Tax Credit / Tax Exemption)

Unilateral relief from double taxation is given at the maximum amount of tax, calculated on the basis of the local tax regulations for that income.

2.2.8. Incentives

The following incentives are considered in the Slovene CITA (Art. 55 – 59):

- ➔ R&D up to 100% of the invested amount
- ➔ investments up to 40% of the amount invested into the IT software, hardware, production machinery and investments in digital and green reorganisations

- employment of younger (up to 29 years old) and older workers (from 55 years onwards) as well as workers in deficit professions up to 45% of their annual salary for 24 months
- employment allowance in the amount of 55% of the employee's salary for the first 24 months of employment is possible, when the employee is under 25 years and is employed for the first time
- employment of the disabled up to 70% of their annual salary for the first 24 months
- employment of younger persons (up to 25 years old) up to 55% of their annual salary for the first 24 months
- investments in pension funds up to EUR 2,819 per employee for the year 2022
- 80% of the average Slovene salary for apprentices or students on obligatory placements
- donations of usual 1% of taxable income

2.3. Non-Resident Companies

A non-resident corporation (i.e. with neither a place of management nor registered office in Slovenia) is subject to a limited corporate tax liability if it conducts business in Slovenia through a permanent establishment. In this case, the tax liability is limited to the income attributed to that permanent establishment.

2.3.1. Concept of Permanent Establishment / Doing Business

A business unit of a non-resident is the place in which or through which a non-resident conducts an activity or business in whole or in part in Slovenia.

The following are considered a permanent establishment (PE) in particular:

- office, branch office, factory, workshop, mine, quarry or other place where natural resources are obtained or exploited
- construction site, construction project, installation or installation or control related thereto, if the activity or business lasts for more than 12 months

Intermediaries acting in the name of a non-resident in relation to any activities or transactions for a non-resident are also considered to be a PE if they have, and usually use, the power to conclude contracts on behalf of a non-resident, with some exceptions; intermediaries acting in their own name for a non-resident, in the course of their regular activity as a stockbroker, general-purpose intermediary or any other independent intermediary, are considered to be a PE when acting fully or predominantly on behalf of a non-resident. Additionally, if the conditions and circumstances in the business and financial relations between the non-residents and these intermediaries differ from those that would apply in relationships between unrelated persons, a PE is established.

A construction site, a construction, installation or installation project or control relating thereto lasting more than 12 months shall be deemed to be a non-resident PE from the start date of activities or operations, including preparatory works.

2.3.2. Withholding Taxes

Dividends and other profit distributions paid to individuals are subject to a 25% tax rate, levied by way of withholding, unless provided for differently by the double tax treaty in the case of a non-resident individual.

Interest derived by non-residents (other than those resident in EU Member States) is subject to tax at a rate of 25%, levied by way of withholding (if the payment is made by a resident company, permanent establishment or an individual engaged in a business) or assessment. Under the domestic law implementing the EU Savings Directive (2003/48/EC), interest paid to residents of EU Member States other than Slovenia is exempt from tax.

Tax treaties usually provide for reduced source tax rates for income from the capital investments of individuals. So, if the Slovenian withholding tax rate is higher than the source tax rate provided by a tax treaty, the latter is applicable if certain conditions are met.

3. Double Taxation Agreements

2.3.3. Capital Gains

Capital gains are taxed at a 25% final tax rate. The rate is reduced by 5 percentage points for each holding period of 5 years. Consequently, any gains are exempt after a holding period of 15 years.

Capital gains derived from the disposal of immovable property acquired before 1 January 2002 are not taxable. Gains on immovable property used as a permanent home for at least the 3 preceding years before disposal by the taxpayer are exempt. Gains on the disposal of venture capital are exempt.

2.4. Tax Compliance

The tax return must be submitted to the tax authorities by 31 March of the following year. If the taxable period is different from a calendar year, the tax return must be submitted 3 months after the end of the taxable period. No extension is possible. In the case of corporate restructuring and liquidation, special time limits for submitting tax returns apply.

Particularities related to compiling and proposing a CIT assessment are also valid for a taxpayer in a compulsory settlement procedure, or for a debtor for whom insolvency proceedings (bankruptcy, liquidation) have begun or are terminated. The legal deadlines for submitting accounts in these cases are different, and, as a general rule, are less than 3 months after the expiry of the period for which the tax return is drawn up.

Slovenia has a small but very open economy, and as such, pursues a policy that encourages cross-border economic activity by providing for non-discrimination and certainty in tax treatment. In most treaties the exemption method applies, except for dividends, interest and royalties.

Through various mechanisms, international agreements enable the elimination of double taxation, increase the safety of taxpayers and, through the information exchange system, enable the control of income received by taxpayers from abroad, prevent tax discrimination and facilitate the settlement of fiscal disputes. Such bilateral tax treaties are the most important part of the international legal tax framework in the field of direct taxes, in which the interests of economic operators operating in several countries are realised.

Slovenia currently has double taxation agreements (DTAs) in force with 61 countries. They generally cover income and property taxes. A number of new DTAs are currently being negotiated. A list of applicable conventions is available on the website of the Ministry of Finance.

4. Transfer Pricing

The Slovenian Tax Procedure Act contains specific provisions on the documentation of transfer pricing in connection with the inter-company supply of goods and services.

Taxpayers have to prepare a master file and a local file. The master file can be in English and should include at least the following:

- description of the taxpayer
- description of the organisational structure and types of relations between the subjects
- the system chosen for determining transfer prices
- description of the business activity and business strategy
- description of the competition

In the local file, which needs to be in the Slovene language, the taxpayer has to include:

- information regarding transactions between related persons
- information on comparability analyses of transactions regarding features of assets and services, functional analysis conducted
- contractual terms
- economic conditions that influence transactions
- business strategies
- other conditions influencing transactions
- information regarding the method applied for determining the transfer prices
- other documentation about the comparability of transfer prices with comparable market prices

5. Anti-Avoidance Measures

5.1. General Anti-Avoidance Rule

The Slovenian Corporate Income Tax Act includes general anti-avoidance and substance-over-form rules.

The GAAR wording is largely based on the wording of the ATAD. The law states that for the purpose of calculating the corporate tax liability, any arrangement or series of arrangements should be disregarded if they have been put in place with the main purpose or one of the main purposes being to obtain a tax advantage that defeats the object or purpose of the applicable tax law, and which are not genuine in light of all relevant facts and circumstances. An arrangement may comprise more than a step or part. An arrangement (or series of arrangements) is not considered genuine if it is not implemented for valid commercial reasons which reflect economic reality.

Where arrangements are disregarded pursuant to the new GAAR, the tax liability will be calculated in accordance with the provisions of the CITA.

5.2. Thin Capitalisation Rules

Thin capitalisation rules apply to loans from shareholders who hold at least 25% of the capital or voting rights at any time during the tax period. It also applies between companies, which are substantially owned by the same shareholder. According to the rules, the interest on loans from such shareholders may not be deducted if the loans are more than 4 times the value of the lender's share in the capital of the company.

Thin capitalisation rules apply to direct loans and loans granted by a substantial shareholder indirectly through a bank or any other third party. The new provision covers not only the debt financing of companies subject to unlimited tax liability in Slovenia, but also the financing of companies that are only subject to a limited tax liability, such as Slovenian permanent establishments of foreign companies.

6. Taxation of Individuals / Social Security Contributions

5.3. Controlled Foreign Company Provisions

Slovenia introduced CFC rules as of 1 January 2019, following the European Anti-Tax Avoidance Directive by applying the switch-over rule.

A foreign company is classified as a "controlled foreign company" if a Slovenian resident taxpayer controls more than 50% of the voting rights or more than 50% of the subscribed capital, or is entitled to more than 50% of the profit after tax of the foreign company and the corporate tax paid by the foreign company is less than half of the calculated tax based on the Slovenian rules. A foreign permanent establishment of a resident taxpayer is not considered to be a CFC.

Income in the form of interest, dividends and capital gains, income from royalties, income from rental, income from insurance, bank or other financial activities as well as income from issuing invoices to entities, which generate income from sales to affiliated parties or purchases from affiliated parties and have no or little added value is considered to be passive income, subject to CFC rules in Slovenia.

The first exception to the CFC rules is the substantial economic activity in the CFC, which requires proper staff, equipment, assets and premises. The second exception applies to the CFCs, which have less than $\frac{1}{3}$ of their complete income as passive income.

In accordance with Income Tax Act provisions, the tax liability of individuals depends upon their residential status (resident, non-resident). Thus a resident person is liable for paying the income tax for all income generated inside and outside of Slovenia (i.e. worldwide income tax). A non-resident person is liable for the tax on income that has its source in Slovenia.

An individual who is a resident of Slovenia only for part of the tax (calendar) year is liable for the income tax on the worldwide income obtained in the part of the year in which he was a resident. In the remaining part of the year (when not a resident of Slovenia) his or her income is subject to tax as the income of a non-resident. This means that in the remaining part of the year only the income generated in Slovenia is subject to tax.

6.1. Residency Rules

A foreign individual with a residence permit in Slovenia has to pay personal income tax if they are present in Slovenia for more than 183 days in a 12-month period. To become a Slovenian tax resident, an application form has to be filed at the Slovenian Tax Office.

An individual becomes a resident of Slovenia when they establish a residence bond with Slovenia. If this person was not a resident of Slovenia before, the residence bond is usually established on the day of arrival in Slovenia. When determining whether a person is a resident of Slovenia or not, all the important facts and circumstances within the scope of residence bonds with Slovenia, like duration, aim, purpose and continuity of stay, have to be taken into consideration.

Unlimited tax liability

Individuals resident in Slovenia (residents) are subject to tax on their worldwide income (i.e. income from domestic and foreign sources). An individual is resident in Slovenia if they:

- have their official registered domicile in Slovenia,
- have their habitual place of abode or centre of personal and economic interests in Slovenia, or
- are present in Slovenia at any time during the tax period for more than 183 days (i.e. the 183-day rule).

There are no special rules for determining domicile or habitual place of abode.

Limited tax liability

Individuals with neither a domicile nor habitual place of abode in Slovenia (non-residents) are only taxable on income derived from Slovenian sources.

Special treatment is provided for experts working in Slovenia. Such experts are regarded as non-residents if they:

- stay in Slovenia for less than 365 days (but not 183 days)
- do not own any real estate in Slovenia
- have not been regarded as resident at any time in the last 5 years prior to their visit to Slovenia
- only stay in Slovenia to work as specialists, carrying out duties for which there is no skilled personnel in Slovenia

A person is also treated as a non-resident in domestic law if the double tax treaty defines their residency in the other state.

The above rules are not limited to nationals of EU or EEC Member States and apply to nationals of other countries as well.

6.2. Income Liable to Tax

Resident taxpayers are taxable on income derived from the following sources:

- employment income
- income from trade or business
- income from agriculture and forestry
- income from rental, leasing, royalties and interest
- alienation of capital
- other income

Employment income

Income from employment includes any income from past or present employment, especially:

- salaries, gratuities and other benefits in cash or kind from employment
- salaries of the managing director
- income based on the profit shown in the company (i.e. bonuses, premiums)
- income from odd jobs (employment without contract, payment and number of hours per month are limited)
- income of religious workers
- social security pensions
- benefits from pension funds

Income is calculated as the excess of taxable income over deductible social security contributions. The amount so computed is the basis for the wage tax, which is levied when the wages are paid.

Income from trade or business

Income from trade or business means

- income from an independent, continuous activity, regardless of the intention and the result, including industrial production in agriculture or forestry and the exploitation of rights if calculated according to the net equity method
- capital gains from the disposition of the entire business or a separate division as well as capital gains from winding up the business. A special regime applies if the business is continued through another person in Slovenia.

An individual is normally required to keep books so that the net equity comparison method can be applied.

Special tax regime

Sole entrepreneur with income from trade or business which doesn't exceed

- EUR 100,000 in one calendar year and has at least one full-time employee,
- EUR 50,000 in one calendar year,

can opt for a lump-sum deduction of costs for tax purposes at 80%. The tax base of 20% of income is taxed with a final tax rate of 20% and the trade or business income is not part of the annual income tax declaration.

Income from agriculture and forestry

Income from agriculture and forestry and its amount are regulated in agricultural income provisions. Income from agriculture and forestry includes:

- income from small business production in agriculture, viticulture and fruit culture, including olive oil production from own olives, except the growing of all sorts of seedlings and bushes and the intensive agriculture of herbs and vegetables
- income from livestock breeding or animal keeping

Income is determined according to the prospective market price for the agricultural product class or on the basis of real estate register information.

Income from rentals, leasing and royalties

Income, as defined hereinafter, comprises income from rentals, leasing and royalties, unless it belongs to the categories of business income, income from employment activities or investment of capital:

- income from renting or leasing real estate, as well as equipment, mobile homes and vehicles
- income from the use of rights, and in particular, industrial property rights or industrial know-how

The taxable amount on income from rentals, leasing and royalties is limited to 90% of the income.

Capital income

Capital income includes:

- interest
- dividends
- income from alienation of capital

The concept of interest is very broad and includes discounts, bonuses and premiums, which are paid in the case of a debt arrangement. Expenses related to interest income and dividends are not deductible.

Dividends, as defined in the Personal Income Tax Act, are dividends and other income or payments based on company shares that do not diminish the share in a company. The following are regarded as dividends as well:

- hidden distributions of profit
- profit from loan shares
- profit from mutual funds

Income from the alienation of capital includes income from:

- the alienation of real estate if sold within the holding period
- the alienation of shares within a holding period

The holding period for capital is 15 years. The tax rate is 25% and is reduced every 5 years of capital ownership (after 5 years 20%, after 10 years 15%). The tax paid from the alienation of capital is final, meaning that the profit from alienation is not additionally taxed with personal income tax on an annual basis.

The withholding tax is usually collected by the income taxpayer at source and paid to the Slovenian tax authority on behalf and for the account of the recipient.

The tax base for capital gains is the difference between the capital value of the capital decreased by 1%, and the cost of the capital increased by 1%.

If the difference is negative (loss), this loss reduces the positive tax base (profit) realised on the sale of other taxable capital, but only in the same tax (calendar) year.

The deadline for submission of the assessment at the Slovenian Tax Office is 28 February of the current year for the previous year. On the basis of this assessment, the tax authority will issue a decision on the amount of dividend tax by 30 April of the current year for the previous year. The taxable person required to pay personal income tax on the basis of the tax office decision is the taxpayer (recipient of the dividend) himself.

Other income

Other income includes all income not mentioned above, as well as the following, in particular:

- rewards
- gifts
- lottery winnings
- scholarships
- other income not exempt from tax and not listed above in the previous income categories

6.3. Allowable Deductions

The general tax relief for all residents in 2022 depends on income:

- if the common annual income is less than EUR 13,316.83, the common tax relief is EUR 3,500 + (18,700.38 – 1.40427 x income)
- if the common annual income is more than EUR 13,316.83, the common tax relief is EUR 4,500 and will be higher in the next years as follows: in 2023 EUR 5,500; in 2024 EUR 6,500 and from 2025 EUR 7,500.

In accordance with the Slovene Income Tax Act, the following tax relief can also be considered:

- supported family members
- disabled persons
- students
- retired
- payments to voluntary pension funds

6.4. Tax Rates

Income tax is computed on the aggregate net income of all categories and at the following progressive rates in 2022:

Net annual tax basis (in EUR)		Income tax (in EUR)
from	to	
	8,755	16%
8,755	25,750	+26% over 8,755
25,750	51,500	+33% over 25,750
51,500	74,160	+39% over 51,500
74,160		+45% over 74,160

6.5. Tax Compliance

Personal income tax is assessed based on an informative calculation (hereinafter referred to as: IC) of personal income tax prepared by the tax office and sent to the taxpayer either by 31 March or 31 May of the following year. This informative calculation is drawn up on the basis of official records, income-generating data (e.g. employers) and data provided by the taxpayers to the tax administration by 5 February of the following year (reporting dependent family members and actual costs for income from other contractual relationships).

If a taxpayer does not agree with the IC, they must file an objection no later than 30 days from the dispatch date of the IC, therefore by end of April or end of June, and send it to the tax office which issued the IC. On the basis of the objection, the tax office will issue a decision on the assessment of personal income tax.

If the taxpayer does not receive the IC by 15 June they must contact their competent tax office and ask if it has been issued. The IC is sent by regular post (not registered) and it can happen that the IC does not arrive. If the taxable person finds that the IC has been issued, they can require a free copy of the IC from the competent tax office. If the IC has not been issued, they must submit a personal income tax return by 31 July. The assessment must also be filed if a person ceases to be a resident of the Republic of Slovenia.

Taxpayers entitled to a refund of personal income tax will receive a refund on their last opened bank account within 60 days of the dispatch date of the IC. If the taxpayer is also the debtor, any due unpaid duty is offset and the amount reduced for unpaid duties and the corresponding default interest is returned.

6.6. Social Security Contributions

Both employers and employees pay compulsory social security contributions. Employers withhold these contributions from wages or salaries and pay them together with their contributions every month as part of payroll accounting. Self-employed individuals are obliged to pay social security contributions on their own. Every employer and employee should pay the mandatory social security contributions – employer 16.10% and employee 22.10%. The taxable basis for both the employer and the employee is the gross wage amount, which includes gross leave pay, fringe benefits and remuneration of expenses related to work above a certain threshold.

There are 4 mandatory social security insurance schemes that apply to employers and employees:

- pension and disability insurance
- health insurance
- unemployment
- maternity leave

The social security contribution rates are determined by the Social Security Contributions Act (ZPSV) in Articles 8 to 14:

Fund	Employee (%)	Employer (%)
Pension insurance	15.50	8.85
Health insurance	6.36	6.56
Unemployment	0.14	0.06
Maternity leave	0.10	0.10
Injury at work insurance		0.53
Total	22.10	16.10

7. Indirect Taxes

7.1. Value Added Tax / Goods and Services Tax

In general, taxable persons carrying out taxable transactions in Slovenia are subject to a VAT liability. A taxable person for VAT purposes is a person who independently carries out any economic activity at any place, whatever the purpose or results of that activity are. Non-residents may also qualify as taxable persons subject to Slovenian VAT if they carry out taxable transactions in Slovenia.

The standard rate of 22% applies to all supplies of goods and services not specified as being subject to the reduced rate or to exemptions. The reduced rate of 9.5% applies to goods and services specifically defined by the VAT Act, especially to foods and beverages, preparation of meals, agricultural products, books, plants, artists, transportation of persons, hospitals, acquisition of residential housing if part of the social policy, as well as renovation and maintenance work for residential housing, when charged directly to the investor. The reduced VAT rate of 5% applies to sales of printed or electronic books.

Under the rules of the Slovenian Value Added Tax Act (ZDDV) the following transactions are taxable:

- supply of goods and services within Slovenia by taxable persons for consideration, within the scope of their business
- withdrawal of goods and rendering of services for the taxable person himself (self-supply)
- import of goods from a country outside the European Community
- intra-Community acquisitions

In general, a taxable person carrying out a taxable transaction is liable for the payment of VAT. They are obliged to pay the invoiced VAT to the tax office. However, for supplies of services subject to the reverse charge mechanism as well as intra-Community acquisitions, the recipient is liable for VAT.

The reverse-charge mechanism applies in the following cases:

- supply of services if they are taxed according to the general rule for the place of the supply of services and if they are supplied to a Slovenian taxable person and carried out by a foreign taxable person (no registered office or fixed establishment in Slovenia),
- supply of construction services, supply of staff engaged in construction activities, supply of immovable property where the supplier opted for taxation, as well as the supply of recyclable waste, scrap and used material from iron and coloured metal if the supplier and the recipient are Slovenian taxable persons (domestic reverse charge); a foreign taxable supplier must therefore register for VAT in order for the reverse charge to apply,
- if the foreign taxable person carrying out taxable transactions in Slovenia (e.g. educational services) did not register for VAT purposes in Slovenia. In such a case, the foreign taxable person has no right to a VAT refund.

7.2. Transfer Taxes

A transfer of goods from a country outside the European Community to Slovenia is subject to import VAT.

The real estate transfer tax (RETT) is paid at the rate of 2% of the real estate contractual price, which should be aligned with the market price. The RETT is also applicable to the establishment of the building rights. As a rule, the seller is obliged to pay this sales tax.

7.3. Others

In the Republic of Slovenia, the taxation of excise goods – alcohol and alcoholic beverages, tobacco products and energy products and electricity – is regulated by the Excise Duty Act (ZTro-1). Excise duty is a form of tax on consumption.

8. Inheritance and Gift Tax

Inheritance and gift tax is laid down in the special Inheritance and Gift Tax Act (IGTA), applicable from 1 January 2007 (OG RS 117/06). Taxpayers are individuals and legal persons under private law.

Tax is levied on the assets that a natural person receives from a natural or legal person as an inheritance or gift and is not considered to be income under the law governing income tax. The object of taxation is also the assets that a legal entity receives from a legal or natural person as a gift, or an inheritance that is not considered income under the law governing corporation tax.

Real estate, movable property (including bonds, stocks, shares and money), property and other property rights are considered to be assets.

A taxable person who receives a gift must submit the tax assessment within 15 days of the occurrence of the tax liability to the appropriate tax office. The tax on inheritance and gifts shall be levied with a decision from the tax office within 30 days of receipt of the tax assessment.

8.1. Taxable Base

Progressive tax rates apply depending on the degree of the recipient's relationship to the testator/donor and the value of the property transferred. First-tier transfers to a spouse or a child are exempt from taxation. For transfers to parents, brothers, sisters and their children, the rates range from 5% to 14%; for transfers to grandparents the rates vary between 8% and 17% and for transfers to an unrelated person or company the rates range from 12% to 39% depending on the value of the property transferred. The IGTA provides for several tax exemptions and credits.

Tax is not levied on the transfer of movable property worth EUR 5,000 or less in total. Also, if the value of the gifted or inherited movables is more than EUR 5,000, the tax base is reduced by EUR 5,000. Furthermore, tax is not levied on the transfer of property destined for religious, humanitarian, health and similar organisations.

8.2. Valuation

The tax base is the assets received, free of any loans and costs. For real estate the value is determined at 80% of the cadastral value, as defined in the real estate register of Slovenia. In the case of movable assets, the value is determined at the market price and the first EUR 5,000 is exempt.

9. Wealth Tax

There is no wealth tax in Slovenia.

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